

the loan contract, as implemented by this part, RUS will review the documents or proposals submitted and notify the borrower in writing of approval or disapproval. RUS may withhold approval if, in RUS's judgment:

(1) The P&S or contract will not accomplish loan purposes.

(2) Provisions of the P&S or contract will add unnecessary expense to the project.

(3) The proposal, method of procurement, or P&S do not conform to RUS engineering criteria or construction standards, or if they present unacceptable loan security risks to RUS.

(4) The P&S or contract have been modified.

(e) The requirements and procedures covering procurement of architectural and engineering services are described in subpart B of this part.

(f) Single copies of RUS forms cited in this part are available from Administrative Services Division, Rural Utilities Service, United States Department of Agriculture, Washington, DC 20250-1500. These RUS forms may be reproduced.

§ 1753.2 Definitions.

For the purpose of this part 1753:

Alternate—A solicitation for a bid adjustment for a specified deviation from the Plans and Specifications.

Architect—A person registered as an architect in the state where construction is performed, or a person on the borrower's staff, approved by RUS, authorized to perform architectural services.

Bid guarantee—A bid bond or certified check required of contractors bidding on construction work to ensure that the bidder, if successful, will furnish a satisfactory performance bond ensuring completion of work.

Central office building—The facility housing the central office equipment.

Central office equipment—Switching and signaling equipment that performs call origination and completion functions for subscribers.

Closeout documents—The documents required to certify satisfactory completion of all obligations under a contract or force account proposal.

Construction—Purchase and installation of telecommunications facilities

in a borrower's system using loan funds.

Contract—The agreement between the borrower and an independent contractor covering the purchase, construction, or both of telephone facilities to be included in the borrower's telephone system.

Contract construction—Construction and installations performed using an RUS contract form. See 7 CFR 1755.93.

Engineer—A person registered as an engineer in the state where construction is performed, or a person on the borrower's staff, approved by RUS, authorized to perform engineering services.

FAP (force account proposal)—The borrower's detailed plans submitted to RUS for force account construction.

Force account construction—Construction performed by the borrower's employees under an RUS approved FAP, with the borrower furnishing all materials, equipment, tools, and transportation.

FRS—RUS Form 481 (OMB control number 0572-0023), Financial Requirement Statement.

GFR—RUS General Field Representative.

Installation—The act of setting up or placing in position equipment for service or use in the borrower's system.

Interim construction—The purchase of equipment or the conduct of construction under an RUS-approved plan of interim financing. See 7 CFR part 1737.

Interim financing—Funding for a project which RUS has acknowledged may be included in a loan, should said loan be approved, but for which RUS loan funds have not yet been made available.

Labor and materials—All the labor and materials required for construction.

LD (loan design)—Supporting data for a loan application. See 7 CFR part 1737.

Loan—Any loan made or guaranteed by RUS. See 7 CFR part 1735.

Loan funds—Funds provided by RUS through direct or guaranteed loans. See 7 CFR part 1744 subpart C.

Major construction—A telephone plant project estimated to cost more than \$100,000, including all labor and materials.

Minor construction—A telephone plant project estimated to cost \$100,000 or less, including all labor and materials.

Minor errors or irregularities—A defect or variation in a seller's bid that is a matter of form and not of substance. Errors or irregularities are "minor" if they can be corrected or waived without being prejudicial to other bidders and when they do not affect the price, quantity, quality, or timeliness of construction. Unless otherwise noted, the borrower determines whether an error or irregularity is "minor."

Modernization plan. A plan, which has been approved by RUS, for improving the public switched network of a state. The modernization plan must conform to the provisions of 7 CFR part 1751, subpart B, and applies to all telecommunications providers in the state.

Negotiation—Any form of purchasing or contracting other than sealed competitive bidding. Any contract awarded without using the sealed competitive bidding procedure is a negotiated contract.

Outside plant—The facilities that conduct electrical or optical signals between the central office and the subscriber's network interface or between central offices.

Performance bond—A surety bond on a form satisfactory to RUS guaranteeing the contractor's faithful performance of a contract.

P&S (plans and specifications)—An RUS contract form, the appropriate specifications, and such additional information and documents needed to provide a clear, accurate, and complete understanding of the installations to be made or construction to be performed.

Project—The construction or installation described in the P&S.

Responsive bid—A bid that complies with the requirements of the plans and specifications.

Sealed competitive bidding—A method of contracting that employs sealed competitive bids, public opening of bids, and award of the contract to the bidder submitting the lowest responsive bid. See § 1753.8.

Single source negotiation—Negotiating with a single source (contractor or seller).

Special equipment—Equipment used primarily for the transmission and enhancement of voice, data, carrier, radio and light signals, and other equipment and facilities, including incidental cable and other transmission equipment.

Subcontract—A secondary contract undertaking some of the obligations of a primary contract. Under all RUS forms of contract, the primary contractor bears full responsibility for the performance of the subcontractor.

Unbalanced bid—A bid which contains pricing for a task or material that is significantly higher or lower than pricing for similar tasks or materials.

Work order construction—Minor construction performed by the borrower's employees, pursuant to its work order procedure, with the borrower furnishing all materials, equipment, tools, and transportation.

[54 FR 39267, Sept. 25, 1989, unless otherwise noted. Redesignated at 55 FR 39396, Sept. 27, 1990, and amended at 58 FR 66259, Dec. 20, 1993; 59 FR 17464, Apr. 13, 1994]

§ 1753.3 Preconstruction review.

(a) Prior RUS approval must be obtained for any construction that does not conform to RUS standards and specifications or the approved LD, such as construction of extensions to serve subscribers in areas not included in the LD (See 7 CFR part 1737). For loans approved after RUS approval of the modernization plan in the borrower's state, the proposed construction must conform to the modernization plan, as required by 7 CFR part 1751, subpart B. To obtain approval, the borrower shall submit a written proposal containing:

(1) A description of the work, indicating any deviations from the approved LD or RUS standards and specifications.

(2) An engineering study covering the deviations if there are changes in the design.

(3) A cost estimate for labor, engineering, materials, and overheads.

(4) If applicable, a brief analysis from the borrower demonstrating that the proposed changes conform to the modernization plan.

(b) Before any construction, including interim construction, is initiated, the GFR shall meet with the borrower